

CITY OF MCGREGOR

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**FOR THE PERIOD
JULY 1, 2014 THROUGH JUNE 30, 2015**

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CITY OF MCGREGOR

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Harold Brooks	Mayor	Jan. 2016
Joe Muehlbauer	Mayor Pro tem	Jan. 2016
Rogeta Halvorson	Council Member	Jan. 2016
Joe Collins	Council Member	Jan. 2018
Charles Carroll	Council Member	Jan. 2018
Janet Hallberg	Council Member	Jan. 2018
Lynette Sander	City Clerk	Indefinite
Mary Guritz	Treasurer	Indefinite
Michael Schuster	Attorney	Indefinite

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and
Members of the City Council:

We have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities. Accordingly, we have applied certain tests and procedures to selected accounting records and related information of the City of McGregor for the period July 1, 2014 through June 30, 2015. The City of McGregor's management, which agreed to the performance of the procedures performed, is responsible for the City's records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in Government Auditing Standards, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

The procedures we performed are summarized as follows:

1. We reviewed selected City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee.
3. We reviewed security bond coverage for compliance with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected bank reconciliations to determine whether the bank balances properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council.

5. We reviewed City funds for consistency with the City Finance Committee's recommended Uniform Chart of Accounts (COA) and to determine required funds and fund balances are properly maintained and accurately accounted for.
6. We reviewed the City's fiscal year 2015 Annual Financial Report to determine whether it was completed and accurately reflects the City's financial information.
7. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa.
8. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for.
9. We reviewed and tested selected tax increment financing (TIF) transactions, including receipts, disbursements and transfers, for compliance and accurate accounting, including compliance with the TIF reporting requirements of Chapter 384.22 of the Code of Iowa.
10. We reviewed the City's TIF debt certification forms filed with the County Auditor, including requests for collection of reduced TIF amounts and to decertify certain TIF obligations, as applicable, for proper support and compliance with Chapter 403.19(6) of the Code of Iowa.
11. We reviewed and tested selected receipts for accurate accounting and consistency with the recommended Chart of Accounts.
12. We reviewed and tested selected disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the recommended Chart of Accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa.
13. We reviewed transfers between funds for propriety, proper authorization and accurate accounting.
14. We reviewed and tested selected payroll and related transactions for propriety, proper authorization, and accurate accounting.

15. We reviewed the annual certified budget for proper authorization, certification, and timely amendment.

Based on the performance of the procedures described above, we identified various recommendations for the City. Our recommendations are described in the Detailed Recommendations section of this report. Unless reported in the Detailed Recommendations, items of non-compliance were not noted during the performance of the specific procedures listed above.

These agreed upon procedures do not constitute an audit of financial statements or any part thereof, the objective of which is the expression of an opinion on the financial statements or a part thereof. Had we performed additional procedures, or had we performed an audit of the City of McGregor, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and citizens of the City of McGregor and other parties to whom the City of McGregor may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of McGregor during the course of our agreed-upon procedures. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Elkader, Iowa

November 5, 2015


Dietz, Donald & Company
Certified Public Accountants
FEIN 42-1172392

DETAILED RECOMMENDATIONS

CITY OF MCGREGOR
DETAILED RECOMMENDATIONS
For the Period July 1, 2014 through June 30, 2015

- A) Deposits and Investments - The Library Board has invested trust fund money in certificates of deposit held in depositories outside the State of Iowa. Chapter 12C of the Code of Iowa requires City deposits to be held in depositories located in the county in which the City is located. In addition, the Library Board has invested funds in common stocks. Chapter 12B.10(5) does not include common stocks in its list of all allowable investments for political subdivisions of the state.

Recommendation - The City should only make investments allowed by the Code of Iowa.

- B) Certified Budget - Disbursements during the year ended June 30, 2015 exceeded the amounts budgeted in the Community and Economic Development function. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed budget.

- C) Business Transactions - Business transactions between the City and City officials are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
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Janet Hallberg, Council Member Employee of Kwik Trip	Fuel	\$ 5,558
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In accordance with Chapter 362.5(K) of the Code of Iowa, the above transactions may represent conflicts of interest since total transactions were more than \$ 2,500 during the fiscal year and the transactions were not competitively bid.

Recommendation - The City should consult legal counsel to determine the disposition of this matter.

- D) City Council Minutes - The minutes reviewed were not signed as required by Chapter 380.7 of the Code of Iowa.

Recommendation - The City should comply with the Code of Iowa and ensure that all minutes are signed to authenticate, as required.